



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

May 9, 1996

Bob White
226 South Houston School Road
Lancaster, Texas 75146

Re: Small Mine Permit Status, Golden Eagle Mines, Yerian Mine, S/047/034, Uintah County, Utah

Dear Mr. White:

I am writing in response to your request for permit information during our telephone conversations of May 1 and 7, 1996. Providing you with information describing the current permit status of the Yerian Mine in the Horseshoe Bend area, was more involved than merely copying a few pages. Due to the complications, I felt a letter was more appropriate. During our phone conversation we discussed a number of the complications. We discussed the absence of an adequate map showing the current five acre permit boundary. We discussed the issue of the current disturbance at the site exceeding five acres due to a number of cobble piles. We also discussed the trespass issue of unpermitted disturbances on BLM lands.

During our conversations, you mentioned you had contacted Edie Trimmer of Sovereign Lands regarding a number of leases which you or your company have been making payments for on behalf of the Lessee, Mary Ashton. Edie informed me that there has been no formal assignment of the lease or sublease to any party other than the Mary or Stewart Ashton. The lease or sublease assignment is a matter you will need to resolve with Sovereign Lands.

Please find enclosed several documents from the file describing the current status of the site. These documents include: (1) A copy of a memo documenting the Division's May 19, 1994, onsite inspection and meeting. (2) A copy of the BLM's August 5, 1994, letter to Andy Babi regarding the encroachment issue. (3) A copy of the annual report for 1995 filed with the Division by Golden Eagle Mines.

As for the Yerian Mine's current permit status with the Division, the permit would best be described as inadequate. The original small mine notice of intention was submitted by Al Rice in May 1988. A number of various parties have operated at the site since then. After

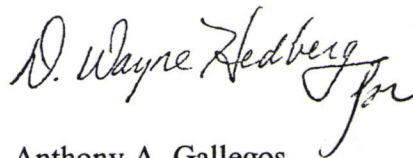


Page 2
Bob White
S/047/034
May 9, 1996

discussing the matter with my supervisor, it was decided that submission of a new notice would be preferable to transferring a permit which is inadequate. Therefore, prior to conducting operations at the Yerian Mine site you will need to submit a new Small Mining Operations Notice of Intention to the Division. We have enclosed a copy of the rules, a Small Mining Notice form and a Large Mining Notice form. You will need to include a map with this notice showing the five acre permit area you propose to work in. This map should show the existing disturbances which are located close to, yet are outside of, your five acre permit area. The Division would consider you responsible for reclamation of only those disturbances within your five acre permit boundary. In addition to the notice, we ask that you provide a letter from the land owner/lessee granting you permission to conduct operations on the site.

If you have any questions in this regard please contact me or my supervisor, Wayne Hedberg here at the Division. Thank you for your cooperation.

Sincerely,



Anthony A. Gallegos
Senior Reclamation Specialist

jb

Enclosures: DOGM May 19, 1994 inspection memo,
BLM August 5, 1994 letter,
S/047/034 Annual Report for 1995,
Minerals Rules, EXP-NOI form,
SMO-NOI form, LMO-NOI form

cc: Edie Trimmer, Sovereign Lands
Pete Sokolosky, BLM Vernal District
S47-34.1et